MEETING OF THE TRUSTEES

CITY OF CHATTANOOGA GENERAL PENSION PLAN

February 19, 2026

This regularly scheduled meeting of the City of Chattanooga General Pension Plan Board of Trustees was held on February 19, 2026 at 8:30 a.m. in the J. B. Collins Conference Room, City Council Building. Trustees present were Daisy Madison, Aon Miller, Katie Reinsmidt, Weston Porter, Collin Thul and Jeffrey Wilson. Others in attendance at the meeting were Scott Arnwine, CBIZ IAS, Inc.; Valerie Malueg and Phil Noblett, Office of the City Attorney; Jed Cooper, First Horizon Bank; Dessalyn Sammons, Starla Benjamin, Burnessa Rollins, Mande Green and Cheryl Powell, City Human Resources Department.

Definitions in the document: GPP is General Pension Plan, OPEB is Other Post-Employment Benefits

The meeting was called to order by Chair Daisy Madison.
A quorum was present at the beginning of the meeting.

Approval of Minutes

Jeffrey Wilson made a motion to approve the minutes from the November 20, 2025 regular meeting. Katie Reinsmidt seconded the motion. The minutes were approved.

Jeffrey Wilson made a motion to approve the minutes from the January 14, 2026 special meeting. Weston Porter seconded the motion. The minutes were approved.

Administrative Actions

Cheryl Powell presented the Administrative Actions for the quarter. There were twenty nine retirements over the quarter with one being a vested deferred and one being a retirement with a QDRO. Twelve retirees exercised the option to receive a DROP payment amounting to $1.1 million. Additionally, there were a large number of terminations with low benefits on average. One payment was made to vested deferred participant terminating their participation in the GPP.

During 4Q2025 there were both distributions and capital calls from GoldenTree funds. Additionally, there was a distribution from Diversified Trust.

- Distributions
    - GoldenTree Distressed Debt IV recallable distribution of $156,000
    - GoldenTree Distressed Co-Investment Fund III distribution of $58,578.25
    - Diversified Trust distribution of $51,029
- Capital Calls
    - GoldenTree Distressed Debt IV three capital calls in the amount of $684,000

Cheryl provided information regarding an inadvertent application of the cost of living adjustment to the pension benefit payments made in January. This is an error that must be corrected according to plan provisions. Cheryl proposed the following steps to make the adjustment to payments to correct the overstatement.

- January payment has already been paid and was overstated by an extra cost of living adjustment; that is, an extra 3% increase.
- February payment has already been corrected to the amount of just one cost of living adjustment, so the amount of the overstatement is limited to the extra amount paid in January.
- March 31 is the next feasible date to make corrections. The correction will treat the overpayment made in January as an advance payment and reduce the March payment by the amount of the advance payment.

- A letter will be sent to all pension payment recipients explaining the situation and providing the amounts of the gross pension payments for March and then the final change for April.
- First Horizon will be involved in controlling the changes to the payments for each of the months involved until the April payment is made.

Aon Miller made a motion to approve the plan to remedy the overstatement of payments. Collin Thul seconded the motion. The motion was approved.

Jeffrey Wilson made a motion to approve administrative actions. Aon Miller seconded the motion. The administrative actions were approved.

Public Comment

There were no public comments

Investment Performance Review 4Q2025 – CBIZ Investment Advisory Services

The board discussed the progress of the subscriptions approved in January for Mesirow, Ares and GoldenTree. Valerie Malueg confirmed that the outside counsel review of the agreements was completed by Laura McKinney at Chambliss for GoldenTree and Mesirow. The Ares documents arrived too late for her comments to be available at this meeting. The result is that there are terms in the contracts that are different from agreements made in the past and the board needs to be aware of the differences in terms.

- GoldenTree
  - Management fees are reduced to 1.375% for > $50 million in fund investment; however, the verbal promise made to GPP and OPEB were to receive the discounted fee
  - Maximum fund leverage of 200% is very high
  - Fund can collect all partnership assets and Limited Partnership capital commitments to lenders
  - No mechanism for Limited Partners to remove General Partner, even for cause
  - Removal of investment manager requires a vote of 2/3 of the investors vs a simple majority vote
  - Debt limitation of 25% is lower than most comparable funds and is favorable to investors
- Mesirow
  - Management fee is 1.5% instead of 1.275%; however, the verbal promise made to GPP and OPEB were to receive the discounted fee
  - A Key Person Event requires <u>both</u> Jay Braden <u>and</u> Tim Joyce to cease involvement for 90+ days. Industry standard is that departure of either key person triggers the event.
  - Removal for cause requires a vote of two-thirds of the investors, where a majority is typical, and removal without cause requires 80% where two-thirds is common
  - Debt limitation of 25% is lower than most comparable funds and is favorable to investors
- Internal counsel review of terms
  - Mesirow extended the opportunity for reduced fee to 3/1 with a side letter
  - GoldenTree side letter expected to reduce fees
- The agreements are standard with side letters to provide the reduced fees.
- Mesirow has the March 1 deadline. Ares next close is in April so will not create any time pressure.
- Daisy will sign the subscription documents. Cheryl will set up a time for her to come in and sign before the deadlines.
- Scott indicated that called capital for these funds that is in excess of cash available should be drawn from core fixed income.

Scott Arnwine provided a review of plan results for the quarter. The GPP fund ended the year at $408.4 million for an 11.7% return for 2025. The 4Q return was 2.5%. The shift from growth stocks to value stocks, that began earlier in the year, continued in the 4Q 2025. Value manager results (Wedge, Diamond Hill and Kerusso)were below the benchmark, based on the Russell 1000 value index, during the quarter.

A few comments were made about the indices used as benchmarks. The indices are reconstructed every June. The Russell 1000 growth and value indices are considered 'passive' even though investments are added and removed periodically. For example, growth stocks Meta, Alphabet, Amazon and Micron Technologies were added based on their value weighting to the Russell 1000 value index.

Additionally, approximately half of the investments in the Russell 2000 small cap index are 'nonearners' as compared to the S&P 600 small cap index which has no 'nonearners'. Kennedy, if compared to the S&P 600, would have outperformed while it appears to underperform relative to the Russell 2000 index The choice of benchmark is historically based on the benchmark the particular manager uses. CBIZ has normally used the Russell indices. S&P has a set of indices. Managers do not typically use all the S&P indices outside of the S&P 500.

The S&P 500 was affected dramatically on April 2, 2025, the day tariffs were announced, however, the index recovered to regain the loss and continued the increasing trend during the rest of 2025. Tariffs continue to have a real effect on the economy and the markets, During the year the dollar weakened. A new factor to track is the unknown around the impact of AI and what it will help and what it will hurt in the future.

Scott made a recommendation to liquidate Diamond Hill. The Diamond Hill investment manager retired and investment performance has not been the same since. The liquidated funds can be spread to other managers or allocated to an index fund.

The discussion also brought up Patten and Patten as they have had a pattern of underperformance. The board would like to have CBIZ review the results. It is a local manager with a long history in the investment mix; however, the board has a fiduciary duty to the GPP.

The OPEB Trust ended 2025 at $195.3 million with a return of 13.0% year. The 4Q return was 1.8%. In OPEB, the recommendation is to liquidate Diamond Hill and allocate funds to Fidelity large cap value index.

Aon Miller made a motion to liquidate Diamond Hill Large Cap in the GPP fund and allocate the proceeds to the Fidelity Large Cap Value Index Fund (FLCOX). Jeffrey Wilson seconded the motion. The motion carried.

Aon Miller made a motion to liquidate Diamond Hill Large Cap in the OPEB fund and allocate the proceeds to the Fidelity Large Cap Value Index Fund (FLCOX). Katie Reinsmidt seconded the motion. The motion carried.

There was a question about the cash flows in the GPP. Pages 7-8 of the report show that net cash flows are negative for the year, affected by the need to make benefit payments to retirees; however, the net investment change shows a large gain for the year. Scott commented that the OPEB net cash flows behave differently than the GPP.

Report on Pension Board Purchasing Policy – Weston Porter

Weston Porter presented language amending the RFQ process the Section 2.14 – Request for Qualifications of the City of Chattanooga procurement manual. The proposed change is in item 6, with the added language underlined, and is reproduced here:

6. *A Selection Committee is established by the Department Administrator consisting of*
    a. *A total of five people*
    b. *Three representatives from the requesting department, a representative from purchasing, and an at large representative from a separate department or division* ***or a member of a relevant City board or commission.***

There was some discussion about how the member would be chosen to be on the committee from this board and the timing of selecting the member since the board meets quarterly. The recommendation from this discussion is that "the committee member be appointed by the board prior to the RFQ evaluation committee creation in compliance with open meeting requirements".

Weston Porter made a motion to recommend a change to the language in the procurement manual Section 2.14 item 6 part b to add '<u>or a member of a relevant City board or commission</u> with the at large member to be appointed by the board or commission'. Collin Thul seconded the motion. The motion carried.

The next step is to present this to the administration and City Council.

Election of Officers

Cheryl Powell provided the name and office of each current officer. Daisy Madison asked if there are any nominations for officers for 2026. None were offered. There was some discussion about the willingness of the current officers to remain in their roles. Each position was nominated and voted on separately.
For Chair: Daisy Madison. The board unanimously voted to approve.
For Vice Chair: Katie Reinsmidt. The board unanimously voted to approve.
For Secretary: Aon Miller. The board unanimously voted to approve.

Report from First Horizon

Jed Cooper reported that he is still researching the guardrails pertaining to data protection and he is not yet satisfied that he has the answers. He hopes to provide information from the First Horizon Legal department at a future meeting.

As a reminder the following summarizes the incident.

- *Misdirected email – A data incident was recognized in June 2025 that emails from Kennedy Capital Management intended solely for the GPP was directed to a person not associated with the GPP account from 11/2024 – 6/2025. While this could be a serious situation, fortunately in this instance, no account numbers were included in the emails, and no exchange of data was involved.*

Jed said he will be working with Cheryl and the First Horizon back office to complete the fix for the Cost of Living Adjustment.

Report from Counsel

Valerie Malueg announced that she is retiring on February 20, 2026. She told the Board how much she enjoyed working with the pension board for 18 years of her 20 years with the City. Phil Noblett will be attending future General Pension Board meetings as counsel. Harolda Bryson and Kathryn McDonald are other attorneys in the City Attorney's Office that could attend future meetings as counsel.

Additionally, Valerie mentioned that there is significant space containing pension board information in the City Attorney's Office for reference material that she has bequeathed to Phil.

There was no other business to discuss.

Aon Miller made a motion to adjourn the meeting. Collin Thul seconded.

Daisy adjourned the meeting.

CITY OF CHATTANOOGA GENERAL PENSION PLAN
ADMINISTRATIVE ACTIONS

Meeting of Trustees
February 19, 2026

PART I - PARTICIPANT SUMMARY

SUMMARY OF PENSION PLAN APPLICATIONS

Name	Department	Type	Option	Monthly Amount	Effective Date	DROP	Notes
Hayes, Adrian	General Government	normal	no	$2,614.35	12/1/2025	$112,623.29	
Brabson, Hobert W	Public Works	normal	no	$2,439.74	1/1/2026		
Brell Miles, Helen R	Finance - Purchasing	normal	no	$980.99	1/1/2026		
Camilleri, Peter J	Fire logistics	normal	B	$1,418.06	1/1/2026		
Davis, Michael L	Public Works	Rule of 80	no	$2,350.29	1/1/2026	$89,467.22	
Duffey, Patricia Gail	Finance	normal	no	$2,878.35	1/1/2026		
Glass, Helen	Early Learning	normal	no	$1,787.15	1/1/2026	$74,793.18	
Howard, Nathaniel D	Public Works	Rule of 80	no	$2,335.39	1/1/2026	$91,740.39	
Jacks, Deborah D	Police services	normal	no	$1,600.97	1/1/2026		
Land, Laura J	Human resources	normal	C	$751.15	1/1/2026		vested
Murphy, William L	Public Works	normal	no	$1,752.51	1/1/2026	$70,336.03	
O'Rear, Ronald F	Parks and Outdoors	normal	no	$3,039.92	1/1/2026	$126,794.81	
Patton, Kenneth L	Fire logistics	normal	no	$1,661.87	1/1/2026		
Roberts (Mason, Monica)				$407.51	1/1/2026		QDRO alternate payee
Roberts, Kenneth	Police services	normal	no	$1,482.83	1/1/2026		QDRO
Rollins, Patrick C	Fire TN Valley Reg Comm Oper	Rule of 80	D	$2,769.31	1/1/2026		
Sims, Carl T	Public Works	normal	A	$847.58	1/1/2026		
Snorton, Evelyn K	Community Development	normal	no	$2,930.23	1/1/2026	$77,494.44	
Strong, Jeffrey	Community Development	Rule of 80	no	$3,100.43	1/1/2026	$78,980.89	
Tucker, Annie R	Parks and Outdoors	normal	no	$1,544.71	1/1/2026		
White, Simone M	Police services	Rule of 80	A	$4,503.25	1/1/2026		
Wimpee, James R	Transportation	normal	no	$1,585.99	1/1/2026		
Sanders, Stephen P	Wastewater	imm early	no	$733.05	2/1/2026		
Stargell, Adrian H	Public Works	Rule of 80	B	$2,048.10	2/1/2026	$83,529.01	
Jones, Maurice L	Community Development	normal	B	$1,672.42	3/1/2026		
Malueg, Valerie L	City Attorney office	normal	no	$3,611.67	3/1/2026		
Poole, Steven J	Police services	normal	no	$1,483.17	3/1/2026		
Powell, Maurice L	Public Works	Rule of 80	C	$1,925.38	3/1/2026	$85,581.68	
Strickland, Ivy Y	Community Development	normal	no	$2,821.40	3/1/2026	$122,309.69	
Wormsley, Joseph B	Public Works	Rule of 80	no	$2,662.36	3/1/2026	$103,529.49	
	30			$61,740.13		$1,117,180.12	

DEATH BENEFITS - DECEASED ACTIVE OR VESTED EMPLOYEES

Name	Employee	Type	Option	Date of Death	Amount or Monthly Amount	Effective Date	Notes

BENEFIT REVISIONS/CONVERSIONS - PENDING BOARD REVIEW/APPROVAL

NAME	TYPE	Option	Previous amount approved	Revised amount	Effective date

SELECTION OF OPTIONAL BENEFIT REPORT - VESTED OR ATTAINED AGE 62 OR GREATER

Pre-Retirement option election

NAME	OPTION	Effective Date

DISABILITY BENEFIT REPORT

NAME	TYPE	Employee Number	Insurance Benefit Amount	Effective Date	Notes

LUMP SUM DISTRIBUTIONS (FOR RATIFICATION - CHECKS PROCESSED)

Return of contributions **45** **$83,416.60**

NAME	Department	Employee Number	Termination Date	Refund Amount	Notes
O'Neill, Cassie	ED Homeless	85584	1/18/2023	$4,286.93	
Bursch, Julia N	Mayor office	87510	9/5/2024	$9,012.29	
Lind, Amanda	Airport	na	11/8/2024	$146.25	
Morgan, David	Airport	na	4/28/2025	$2,591.25	
Hartkopf, Aidan R	Wastewater	105064	7/25/2025	$261.33	
Poke, Kristie D	Public Works	82114	8/22/2025	$4,495.92	vested
Lawrence, Bobby D	Public Works	104392	8/27/2025	$869.82	
Compton, Alexis M B	Police services	87588	8/29/2025	$3,422.26	
Iniss, Omarion J	Wastewater	101514	8/29/2025	$199.14	
Place, Neil P	Early Learning	104220	9/2/2025	$1,192.83	
Ramos, Kaitlyn R	Public Works	103652	9/5/2025	$1,132.46	
Wagner-Stock, Jayce R	General Government	104714	9/8/2025	$1,032.32	
Papa, Scott J	Public Works	104068	9/10/2025	$1,112.69	
Ballenger, Billy R	Public Works	104685	9/15/2025	$791.38	
Hickman, Michael S	Public Works	105285	9/15/2025	$301.16	
Hale, Jacob A	Public Works	104459	9/16/2025	$794.28	
Short, Jonathan R	Public Works	105062	9/17/2025	$459.03	
Smith, Christopher D	Parks and Outdoors	103999	9/17/2025	$334.37	
Ginn, Ernest V	Public Works	103309	9/19/2025	$2,104.59	
Grewal, Preet S B	Economic Developme	103877	10/1/2025	$1,794.88	
Hyter, Donish C	Parks and Outdoors	103568	10/1/2025	$1,104.61	
Robinson, Andre	Parks and Outdoors	102801	10/1/2025	$1,674.08	
Smith, Gerald L	Wastewater	103393	10/1/2025	$691.73	
Austin, Raven D	General Government	102747	10/3/2025	$3,553.14	
Burgess, Lain	Wastewater	86426	10/3/2025	$491.17	
Wagner-Stock, Emma R	FJC	87731	10/6/2025	$919.84	
Hoff, Noah T	Economic Developme	88799	10/9/2025	$4,413.60	
Kirkham, Christopher S	Public Works	104582	10/10/2025	$668.81	
Sclarandis, Mario G	Public Works	104877	10/10/2025	$1,563.02	
Trone, Misty W	Mayor office	102899	10/10/2025	$2,532.48	
Shore, Jonathan D	Wastewater	100537	10/12/2025	$3,708.01	
McNair, Christopher P	Public Works	103257	10/15/2025	$1,475.25	
Klipstein, Zachary	FJC	104882	10/16/2025	$564.43	
Bailey, Katherine E	Library	102487	10/20/2025	$1,634.75	
Nicholson, Darlene M	Early Learning	104163	10/20/2025	$158.42	
Freeman, Rebecca L	Early Learning	104563	10/24/2025	$1,032.32	
Heathington, John F	Public Works	82617	10/24/2025	$3,669.69	
Stephens, Brittany P	Library	102549	10/25/2025	$2,436.53	
Coffey, Aida L	Early Learning	104492	10/28/2025	$1,028.84	
Eberhart, Niki F	Parks and Outdoors	104783	10/30/2025	$578.28	
Pearson, Justin	Public Works	105142	10/31/2025	$647.22	
Pelham, Bradley E	Public Works	103479	10/31/2025	$2,254.15	
Smith, Rachel K	Police services	102892	11/4/2025	$2,692.61	
Fry, Peyton A	Economic Developme	103840	12/19/2025	$1,693.43	
Holl, Frederick J	Mayor office	103228	1/5/2026	$5,895.01	

RETURN OF DECEASED RETIREE BASIS

Name	RETIREE NAME	Date of Death	Refund Amount	Notes
James B Moulder	James C Moulder	10/29/2025	$1,139.02	

PART II -- ACCOUNT SUMMARY

ACCOUNTS PAID

COMPANY	AMOUNT PAID	Qtr Ending	PURPOSE
Current quarter	60,607.27	12/31/2025	
Fiscal Year to date	132,357.87		FY2026
Budget	*368,014.00*		*FY2026*
Same quarter last year	58,877.76	12/31/2024	
Prior Fiscal Year Actual	390,120.52		FY2025
Cavanaugh Macdonald	-	12/31/2025	GPP valuation
Cavanaugh Macdonald	-	12/31/2025	GPP GASB 67 & 68
Cavanaugh Macdonald	-	12/31/2025	Experience Study
Cavanaugh Macdonald	-	12/31/2025	Consulting service
Records Management	-	12/31/2025	Minutes, supplies
Chattanooga Times Free Press	98.22	12/31/2025	Meeting ad
CBIZ IAS	25,000.00	12/31/2025	Investment consulting services
First Horizon Bank	35,509.05	12/31/2025	Administrative expense
City of Chattanooga services	-	12/31/2025	Administrative expense annual
COMPANY TOTAL	**60,607.27**		

Investment Managers -- Fees Paid

COMPANY	AMOUNT PAID	Qtr Ending	PURPOSE
Current quarter	132,687.96	12/31/2025	
Fiscal Year to date	263,283.39		FY2026
Same quarter last year	130,681.74	12/31/2024	
Total Prior Fiscal Year	*518,689.29*		*FY2025*
Kennedy Capital Mgmt	47,191.00	12/31/2025	Investment management fees
Patten & Patten	22,213.46	12/31/2025	Investment management fees
Kerusso Capital Management	23,441.60	12/31/2025	Investment management fees
Wedge Capital	39,841.90	12/31/2025	Investment management fees
MANAGER TOTAL	**132,687.96**		

ACCOUNTS RECEIVED

COMPANY	AMOUNT RECEIVED	FYTD	EFF DATE	REASON
Fiscal Year to date		509,757.56	FY2024	
Fiscal Year to date		615,002.00	FY2025	
Fiscal Year to date		552,000.00	FY2026	
	Qtr Ending	12/31/2025		
DTC Diversified Partners III	$51,029.00			distribution check
TerraCap Partners III	$0.00			distribution
TerraCap V	$0.00			distribution
GoldenTree Distressed Fund 2014	$0.00			distribution
GoldenTree Distressed Fund III	$0.00			distribution
GoldenTree Distressed Debt IV	$156,000.00			distribution (recallable)
Medley Opportunity Fund III	$0.00			distribution
Greenspring Global Partners IV	$0.00			distribution
Greenspring Opportunity Fund III	$0.00			distribution
COMPANY TOTAL	**207,029.00**			

REPORT OF MISCELLANEOUS ACCOUNT TRANSACTIONS

COMPANY	AMOUNT	FYTD	Qtr Ending	REASON
Fiscal Year to date		684,000.00	FY2026	capital call
Fiscal Year to date		0.00	FY2026	all other transactions
				asset reallocation
				asset reallocation
				asset reallocation
				to pay benefits
				to pay benefits
GoldenTree Distressed Fund III	$0.00		12/31/2025	capital call
GoldenTree Distressed Debt IV	$684,000.00		12/31/2025	capital call
MISCELLANEOUS TOTAL	**684,000.00**	**684,000.00**		

REPORT OF ACCOUNT(S) PAID 12/31/2025

COMPANY	AMOUNT PAID THIS PERIOD	FYTD	MONTH	PURPOSE
Total Prior Fiscal Year		127,093.33		FY2025
Budget		*139,948.00*		*FY2026*
Fiscal Year to date		60,554.56		FY2026
Symetra	12,402.30		10/1/2025	Long Term Disability (50%)
Symetra	12,033.65		11/1/2025	Long Term Disability (50%)
Symetra				Long Term Disability (50%)
Symetra				Long Term Disability (50%)
Symetra				Long Term Disability (50%)
TOTAL	**24,435.95**	**60,554.56**		

CITY OF CHATTANOOGA OPEB TRUST
ADMINISTRATIVE ACTIONS

PART II -- ACCOUNT SUMMARY

ACCOUNTS PAID

COMPANY	AMOUNT PAID	Qtr Ending	PURPOSE
Current quarter	19,832.17	12/31/2025	
Fiscal Year to date	37,398.75		FY2026
Budget	*82,980.00*		*FY2026*
Same quarter last year	14,193.89	12/31/2024	
Total Prior Fiscal Year Actual	82,492.28		FY2025
Cavanaugh Macdonald	-	12/31/2025	OPEB valuation
Cavanaugh Macdonald	4,100.00	12/31/2025	OPEB GASB 74/75
CBIZ IAS	5,000.00	12/31/2025	Investment consulting services
First Horizon Bank	10,732.17	12/31/2025	Administrative Expense
COMPANY TOTAL	**19,832.17**		

Investment Managers – Fees Paid

COMPANY	AMOUNT PAID	Qtr Ending	PURPOSE
Fiscal Year prior			
Fiscal Year to Date	56,131.00	12/31/2025	
Kerusso	28,079.59	12/31/2025	
MANAGER TOTAL	**28,079.59**		

ACCOUNTS RECEIVED

COMPANY	AMOUNT RECEIVED	Qtr Ending	REASON
Prior quarter total			
GoldenTree /Distressed Co-Investment Fund	$58,588.25	12/31/2025	distribution
Greenspring Opportunities Fund VII	$0.00	12/31/2025	distribution
COMPANY TOTAL			

REPORT OF MISCELLANEOUS ACCOUNT TRANSACTIONS

COMPANY		AMOUNT	Qtr Ending	REASON
Fiscal year to date		-	FY2026	capital calls
Fiscal year to date			FY2026	all other transactions
				asset reallocation
				asset reallocation
				asset reallocation
				asset reallocation
GoldenTree Distressed Co-Investment Fund III			12/31/2025	capital call
StepStone VC Opportunities VII	-		12/31/2025	capital call
MISCELLANEOUS TOTAL	**0.00**	**0.00**		

February 19, 2026
Meeting of Trustees
City of Chattanooga General Pension Plan

APPROVED:

____
Chairman

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Secretary